

CLAUSE I-12 – AUDIT AND RECORDS - NEGOTIATION (August 2002)

- (a) As used in this clause, “records” includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.
- (b) Examination of costs. If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Subcontractor shall maintain and the Subcontracting Officer, or an authorized representative of the Subcontracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Subcontractor’s plants, or parts of them, engaged in performing the subcontract.
- (c) Cost or pricing data. If the Subcontractor has been required to submit cost or pricing data in connection with any pricing action relating to this subcontract, the Subcontracting Officer, or an authorized representative of the Subcontracting Officer, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, shall have the right to examine and audit all of the Subcontractor’s records, including computations and projections, related to –
 - (1) The proposal for the subcontract or modification;
 - (2) The discussions conducted on the proposal(s), including those related to negotiating;
 - (3) Pricing of the subcontract or modification; or
 - (4) Performance of the subcontract or modification.
- (d) Comptroller General.
 - (1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Subcontractor’s directly pertinent records involving transactions related to this subcontract hereunder.
 - (2) This paragraph may not be construed to require the Subcontractor to create or maintain any record that the Subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.
- (e) Reports. If the Subcontractor is required to furnish cost, funding, or performance reports, the Subcontracting Officer or an authorized representative of the Subcontracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating (1) the effectiveness of the Subcontractor’s policies and procedures to produce data compatible with the objectives of these reports and (2) the date reported.
- (f) Availability. The Subcontractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this subcontract or for any shorter period specified in FAR Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this subcontract. In addition –
 - (1) If the subcontract is completely or partially terminated, the Subcontractor shall make available the records relating to the work terminated until 3 years after any resulting final termination settlement; and
 - (2) The Subcontractor shall make available records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this subcontract until such appeals, litigation, or claims are finally resolved.
- (g) The Subcontractor shall insert a clause containing all the terms of this clause, including this paragraph (g), in all subcontracts under this contract that exceed the simplified acquisition threshold in FAR Part 13, and –
 - (1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type of any combination of these;
 - (2) For which cost or pricing data are required; or
 - (3) That requires the Subcontractor to furnish reports as discussed in paragraph (c) of this clause. The clause may be altered only as necessary to identify properly the contracting parties and the Subcontracting Officer under SURA’s prime contract.